

MAPPING ENTREPRENEURIAL PATHWAYS THROUGH KARNATAKA'S TRYST WITH MUDRA YOJANA

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Abstract: This study evaluates the Indian implementation of the Pradhan Mantri Mudra Yojana (PMMY) and its assistance to aspiring entrepreneurs in Karnataka. It appraises the socio-economic profile, perceptions, and PMMY of the benefited entrepreneurs. This paper employs a Structural Equation Model-SEM in explaining awareness, purpose and benefits of an Entrepreneurs from mudra scheme in Karnataka. Main purpose of the study is to explore the effects of awareness and purpose on level of Entrepreneurs benefits from mudra scheme. Data were collected in 5 areas of the Karnataka each comprising 50 entrepreneurs, a totaling of 250 entrepreneurs. Exploratory factor analysis (EFA) was used to construct latent variables. Next, the variables were added to the SEM. The EFA techniques contained three components, all of which matched theoretical components. Based on the SEM model, The scheme's purpose and benefits increase with more awareness. Similarly, benefits were also fostered by a greater cause. Findings revealed that most individuals are aware of the Pradhan Mantri Mudra Yojana and think it can help create jobs, even though individual criteria like income, age, and education may not be able to substantiate a relationship with the scheme's utilization. To further promote awareness, the government should conduct various awareness programs, including workshops, seminars, and TV interviews, to educate potential beneficiaries about the application process and the scheme's benefits.

Keywords: Entrepreneur, Awareness, Purpose, Benefits, Pradhan Mantri MUDRA Yojana, etc.

1. INTRODUCTION

A groundbreaking program for financial inclusion, the Pradhan Mantri Mudra Yojana (PMMY) was unveiled on April 8, 2015, by the Indian government. PMMY aims to provide micro and small businesses, both industrial and non-commercial, non-farm, with the funds they need to thrive. Public and private sector banks, cooperative banks, offshore banks, regional rural banks, and non-financial corporate banks are among the many types of financial institutions that must lend these businesses up to Rs 4,000,000, or 10 lakhs. In order to facilitate the refinancing of small business loans, PMMY is managed by the Micro-Unit Development and Refinancing Authority (MUDRA), which also regulates the microfinance sector. More extensive. These loans are categorised into three sets by their respective quantities. "Shishu" denotes loans up to four million rupees, "Kishor" loans between fifty thousand and five lakh rupees, and "Tarun" loans between five lakh and ten lakh rupees. The many stages of micro business growth and the associated financial requirements are represented by these categories. Aspiring business owners in Karnataka, India, are the focus of this research, which examines the Pradhan Mantri Mudra Yojana (PMMY) and its implementation in the country. It assesses the socioeconomic status, viewpoints, and PMMY of the participants.

Purpose of the Study

The main purpose of this study is to find the relationships between awareness, awareness, purpose and benefits of an Entrepreneurs from mudra scheme in Karnataka.

Objectives of the study:

1. To evaluate the respondents in the research area who were chosen for the sample and their socioeconomic background.
2. To ascertain the target population's level of PMMY scheme awareness.
3. To assess people's sources and level of understanding of the Pradhan Mantri MUDRA Yojana (PMMY).

Expected Benefits

Before prioritising the schemes, it is helpful to understand the connections between the entrepreneur's level of knowledge, the plan's goal, and the benefits they receive from the Mudra scheme in Karnataka. So, the system's utilisation rate can be raised, and the beneficiaries can reap the maximum benefits.

2. REVIEW OF LITERATURE

An extensive synopsis of the Pradhan Mantri MUDRA Yojana (PMMY) and its effects on small and microenterprises in India can be found in the review of literature. Several important conclusions and revelations are made by the literature:

Table 1: Review of Literature Summary

S.No.	Variables	Author	Implications
1.	Financial Inclusion Efforts	Mol (2014)	Draws attention to problems like the need for improved financial inclusion and financial illiteracy. The Reserve Bank of India has taken a number of actions, such as utilizing information and communication technologies, to solve these issues.
2.	Innovations in Financial Inclusion	Mehar(2014)	Points out that developments in mobile banking and ultra-small branches have made financial inclusion in India better in recent years.
3.	The significance of small enterprises	Roy (2016)	The significance of small enterprises is emphasized by Roy (2016), who views them as the foundation of economic growth. Several programs have been started to assist this industry's growth.
4.	Emphasis on Entrepreneurs	Dr. J. Venkatesh and MS. R. Lavanya Kumari (2017)	Highlight programs that help lone entrepreneurs in small-scale enterprises, hence advancing the economy as a whole.
5.	The MUDRA plan's Design	Verma (2015)	Talks about how the MUDRA plan supports a new generation of entrepreneurs in addition to helping MSMEs with their financial difficulties.
6.	Transformational Potential	Drawar and Uttarwar (2016)	PMMY has the potential to be a game-changing concept that strengthens India's economy, fosters entrepreneurship, and generates jobs if put into practice.
7.	Success in Tamil Nadu	Rupa (2017)	Draws attention to the MUDRA scheme's accomplishments in Tamil Nadu, where microfinance institutions (MFIs) have significantly contributed to the rise in the number of accounts funded by PMMY.
8.	Trends in SME funding	Rashid R. Pansare (2017)	Examines the difficulties involved in funding SMEs and notes developments in the financing of India's small-scale industrial (SSI) sector.
9.	Advice for SMEs	Upadhva(2015)	Says that financial institutions should promote SMEs by offering incentives. She also says that SMEs should be professional, adjust to changing circumstances, and work hard to obtain substantial financial support.

10.	Efficient Monitoring:	Rani and Rao (2019)	To strengthen the SME sector, stress the necessity of creditrating facilities, quality standards, capital market development, and efficient monitoring methods.
11.	Difference in Lending	Raja (2005)	Points out a notable difference in lending to the SSI sector and larger corporations, with the latter's loans expanding more quickly.
12.	Variations in Bank Credit	Bodla and Verma (2000)	report variations in the proportion of Self-Sustained Industries (SSIs) in net bank credit over several time periods, signifying variations in bank lending to the SSI sector.

Source: Author

The collection of research highlights the significance of innovation, financial inclusion, and assistance for small and microbusinesses in India. It also draws attention to the difficulties and discrepancies in SME financing, as well as the MUDRA scheme's ability to promote economic growth.

3. METHODOLOGY

The methodology used in this research can be given as follows.

To begin with, the awareness, purpose, and benefits derived by Entrepreneurs using mudra scheme in Karnataka questionnaire is created. There are three elements to the awareness portion that are derived from the reviews: scheme knowledge, attention and values, and awareness prompt. Similar to how the Mudra scheme's accessibility, affordability, and acceptability indicate the plan's cost-effectiveness and general acceptance among enterprises, these three factors also classify the benefits that entrepreneurs gain from the system.

In the purpose utilization category, questions focus on utilization and coverage of the scheme e.g. Funding the unfunded, Reducing Job less, Economic Growth, Monitoring and Regulating the Microfinance Institution (MFI), Integration of formal Economy to formal sector, Promoting Financial Institution and Development of Micro Enterprise Sector.

Secondly, the indexes of item-objective and hypothesis framed are used to make content validity. The findings indicate that validity of each question is greater as compared to that of 0.5 criteria.

Thirdly, to demonstrate the dependability of each survey item or question, the Cronbach internal consistency coefficient is applied. Greater than the necessary alpha value (0.85), the alpha coefficient is 0.946.

The fourth point is that the beneficiaries residing in Karnataka are the ones who are used to collect the samples. The Structural Equation Model-SEM will delve into the three hypothetical non-observable variables—awareness, purpose, and benefits—after reducing the number of questions from 47 to a manageable level. These variables will be used in the context of the Mudra Scheme in Karnataka and its entrepreneur. Measurement models and structural models are two common components of the SEM used in this paper's design. We will construct three latent variables—awareness, purpose, and benefits—using measurement models. All three structural models—purpose, benefits, and awareness—are double-checked with additional exogenous observable variables, such as ages, incomes, and educational levels, in accordance with the measurement models.

4. FINDINGS

Descriptive Statistics

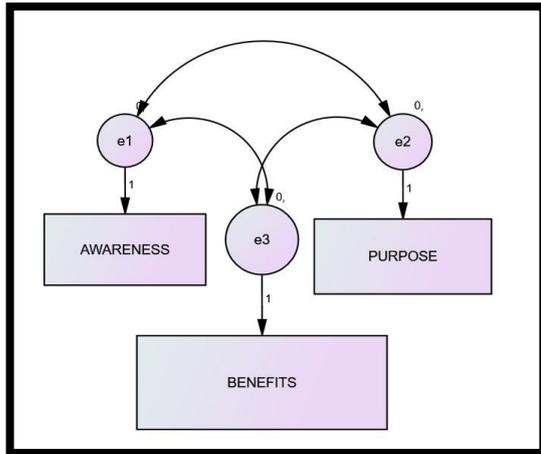
The total respondent was 250 (including 147 males (58.81) and 103 females (41.21)). The median age was 35.5 years old with variation between 21 and 50 years old. Most of the samples were undergraduate and diplomas in vocational. Manufacturing and sales (66.9%), working in services (17.9%), and working in allied agriculture (10.9) were the main occupations of the respondent respectively.

Dimension Reduction and Extracted Components

Eight components were found from the 47 questions in the questionnaire by exploratory factor analysis (EFA). The Kaiser-Mayer-Olkin Measure of Sampling Adequacy (KMO) was 0.919, and the Chi-square of Bartlett's Test of Sphericity was 8286.092 (sig.= 0.00).

Structural Equation model

The SEM was developed and estimated using the aforementioned latent variables and theoretically based technique. You can see the outcomes down below.



Source: Authors

Figure 1: SEM Standardized Measurement Models

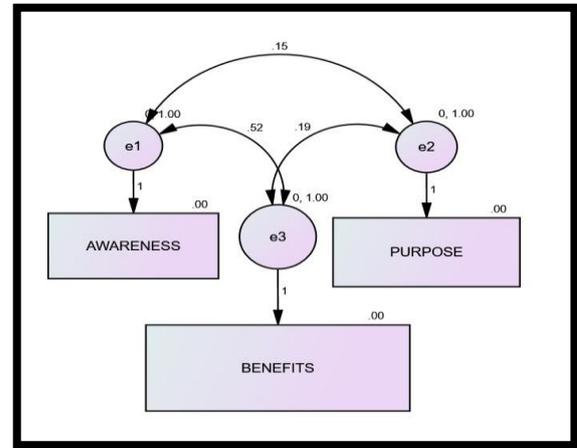


Figure 2: SEM Standardized Estimated Result

To assess model fits, the model produced a collection of fairly good fit measures; CMIN/DF = 2.0, GFI = 0.9, AGFI = 0.9, NFI = 0.9, TLI = 0.9, CFI = 0.9, and RMSEA = 0.0 (with PCLOSE =

0.6). Variance covariance Matrix of Estimates, Correlations of Estimates and its statistical significance can be observed below;

Table 2: SEM Variance-covariance Matrix of Estimates

	par_1	par_2	par_3	par_4	par_5	par_6	par_7	par_8	par_9
par_1	0.004								
par_2	0.001	0.005							
par_3	0.002	0.001	0.004						
par_4	0	0	0	0.004					
par_5	0	0	0	0.001	0.004				
par_6	0	0	0	0.002	0.001	0.004			
par_7	0.001	0.004	0.001	0	0	0	0.008		
par_8	0.001	0	0.002	0	0	0	0	0.008	
par_9	0.001	0.004	0.002	0	0	0	0.002	0	0.008

Source: Authors

With a p-value less than 0.01, all of the predicted measurement model parameters were positively correlated with their respective constructs and substantially different from zero.

Table 3: SEM Correlations of Estimates

	par_1	par_2	par_3	par_4	par_5	par_6	par_7	par_8	par_9
par_1	1								
par_2	0.237	1							
par_3	0.534	0.22	1						
par_4	0	0	0	1					
par_5	0	0	0	0.153	1				
par_6	0	0	0	0.521	0.191	1			
par_7	0.214	0.653	0.111	0	0	0	1		
par_8	0.214	0.037	0.265	0	0	0	0.023	1	
par_9	0.139	0.653	0.265	0	0	0	0.271	0.036	1

Source: Authors

Tables 2 and 3 show that there was a positive correlation between the three hidden variables: awareness, purpose, and benefits. The greater self-awareness, goal-setting, and advantages. Gains were also fostered by a growing awareness. Education was the only model latent variable (out of all the observable factors) that correlated negatively with awareness. Higher education does not seem to help with the level of awareness.

5. CONCLUSIONS

Businesses in Karnataka are taking advantage of the PMMY program because they are well-informed and have a clear goal in mind. We propose these changes so that the plan can reach its full potential and the entrepreneur can keep his or her right to a higher level of awareness. Entrepreneurs in Karnataka can benefit from the PMMY scheme if they have a better understanding of their rights, especially in the event of an innovative idea, their right to compensation, and the flow of information, which includes information that can boost confidence and a positive attitude towards the system. However, personal factors like income, age, and education may not be enough to justify these benefits. The overall goal of MUDRA is to promote and develop the micro-enterprise segment in India via financial support, especially, through refinance, to meet the needs of the historically underserved people. The government has also assigned MUDRA with the responsibilities of monitoring PMMY data, giving loan guarantees and other delegated functions. The study shows that majority of the people are already aware of Pradhan Mantri Mudra Yojana and trust that it can help to generate jobs. The government should also increase awareness by undertaking several awareness programs such as workshops, seminars, and television interviews to sensitize potential beneficiaries on the process of loan application and benefits of the scheme.

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